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September 19, 1980
le 19 septembre 1980

DISCUSSION PAPER
DOCUMENT DE TRAVAIL

TITLE: Improving the Organization and Delivery of
Business Assistance Programs

TITRE: Améliorer l'organisation et la réalisation des
programmes au service de l'entreprise

Minister of State for Economic Development
Ministre d'Etat au Développement économique



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IMPROVING THE ORGANIZATION AND DELIVERY OF
BUSINESS ASSISTANCE PROGRAMS

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DISCUSSION PAPER:

IMPROVING THE ORGANIZATION AND DELIVERY OF BUSINESS
ASSISTANCE PROGRAMS

OBJECT

1. To improve the organization and delivery of business assistance programs (providing contributions, loans, loan guarantees and other assistance), in order to:

- improve service to the public and business-government relations;
- improve federal-provincial relations;
- increase the effective achievement of economic development policy objectives; and
- improve government management and reduce administrative inefficiencies.

BACKGROUND

2. Order in Council P.C. 1978-3803 (December 19, 1978), establishing the Ministry of State for Economic Development, noted that the Minister of State for Economic Development shall formulate and develop policies with respect to "the integration of programs and activities providing direct support to industry including their coordination with other policies and programs of the Government of Canada" and shall, in concert with and as President of...the Board of Economic Development Ministers, "develop mechanisms to improve and to integrate program delivery at the local or regional level".

3. MSED's work in the area of program organization and delivery dates back to an interdepartmental task force in the spring of 1979. Analytical work undertaken within MSED during the summer of 1979 led to announcements by the Minister of his intention to "crunch" programs, but this was not effected. Further consultation and analysis was undertaken by MSED in the spring of 1980.

4. On April 8, 1980 (CD 272-60) the Cabinet Committee on Economic Development agreed to have the Minister of State for Economic Development review existing business assistance programs and the problems associated with their organization and delivery, and report back (following consultation with the departments involved) proposing program consolidation measures and program delivery improvements. In the Speech from the Throne on April 14, 1980, the government indicated its intention "to make assistance programs more accessible to small business, to simplify application procedures, and to better coordinate programs".

PRESENT SITUATION

5. Array of Programs and Services. Over the years the federal government has developed hundreds of business assistance programs and services, involving dozens of departments and agencies, as means of implementing its policy thrusts. The independent development of these, to respond to specific concerns and particular business interests, has led to multiple programs in different departments addressing similar policy objectives. The complexity of the situation is illustrated by the handbook "ABC/Assistance to Business in Canada", which describes 123 federal incentive programs offered by 35 departments and agencies, 63 services offered by 30 departments and agencies, and 32 tax measures. Similar arrays of programs and services are offered by the provinces in many of the same sectoral and business areas.

6. Because the program structure developed on the basis of public service expertise and links to departmental activities, a fundamental characteristic is the dispersal of programs within departments, among departments, between federal and provincial governments, and geographically. Furthermore, each program has its own access points, application forms, criteria and procedures; some programs are decentralized, others not. A business person applying for assistance from several programs may therefore have to go to a number of access points, encountering different procedures at each.

7. Consequences. While most of the government's programs are well run and highly regarded, some serious problems are associated with their wide dispersal and differing procedures:

- Business-government alienation;
- Federal-provincial confusion; and
- Reduced effectiveness and efficiency.

8. The government tries to work closely with business, to achieve its economic objectives, and spends hundreds of millions of dollars annually in business assistance. Yet difficulties in client access and the problems encountered in applying for different programs have contributed to business-government alienation. With so many programs, most business people in Canada, especially those involved with small and medium sized businesses, are not even aware of the range of assistance available, and have problems in finding out about programs that could be relevant to their particular situation. Even when business people are aware of available programs, the process of applying for assistance can be bewildering and frustrating, leading applicants to become angry and sometimes give up altogether trying to obtain government assistance. The Canadian Federation of Independent Business notes that few small businesses even consider seeking assistance from the government.

9. For some time the business community has been urging the government to deal with the problems encountered in program delivery. Concerns have been expressed through many channels including Enterprise

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Canada '77, Tier I-Tier II consultations, and representations to Ministers and Members of Parliament. The business community has proposed that programs be better publicized and made more accessible, and that program delivery be streamlined and made more business-like. More private sector involvement in decision-making has also been suggested.

10. Such program delivery changes are needed to help direct business people through the maze-like structure of programs, and speed their path through the maze. This would result in major improvements in service to the public. Problems associated with the program structure itself would, however, still remain. Therefore it is also necessary to simplify the maze through undertaking program consolidations.

11. Similar programs, often complementing but sometimes apparently competing, are offered by both orders of government. The provinces have indicated informally that duplication between federal and provincial programs is less of a problem than the need to facilitate improved access to all programs. Overlaps among federal programs are also perceived as a problem, with the complexity of the program structure compounding the difficulty of harmonizing activities between federal and provincial governments. Federal-provincial consultations will therefore be necessary to develop, as appropriate, joint approaches to improving the organization and delivery of business assistance programs.

12. The dispersal of programs addressing similar objectives also results in reduced government effectiveness and efficiency. While programs may not actually overlap, because of complicated bureaucratic arrangements, confusion undoubtedly exists. It is therefore necessary for the program structure to be rationalized, to increase the achievement of the government's major economic development objectives and eliminate any administrative inefficiencies.

APPROACH

13. Perspectives. A cross-departmental approach is required, in order to build upon the strengths and best features of different programs and delivery systems. This should enable improvements to be made in the delivery of individual programs, as well as addressing the basic problems created by the current dispersal of programs. Since a primary aim is improving service to the business public, particularly small business, attention has been focussed on broadly applicable business assistance programs, for which the problems of dispersal and client access are most acute.

14. While improving service to the public is a generally accepted objective, it will not be easy to realign programs, reduce their numbers or make changes in program delivery. It is expected that trade-offs will be required for individual departmental perspectives to be accommodated to government-wide objectives. Major changes or reorganization could be expected to lead to loss of momentum and, in the short term at least, reduced service to the public. Recognizing the difficulties engendered,

the simplest solution should be sought; there is no point in making further changes than can be justified.

15. Competing Demands. The public service is now faced with several major demands. Concerns over service to the public imply a need to streamline program delivery systems and processes. At the same time, departments and managers are under increasing pressure from a number of sources for clearer program objectives, improved management systems, greater accountability and financial probity; these could lead in the direction of more extensive analysis of applications and tighter eligibility requirements, and set limits on the extent to which service can be improved. This does not, however, necessarily imply a conflict between accountability and program delivery: programs should be designed and managed in such a way as to satisfy both sets of requirements.

16. Closely related is the question of expenditure restraint. Even with the client access problems outlined above, most business assistance programs are fully utilizing their resource allocation each year. With continuing economic weaknesses and growing foreign competition, demands will if anything increase. Better client access and speedier processing would inevitably lead to further increases in demands, just as major expenditure restraint is being required. Such restraint will require the termination or reduction in funding of less effective programs. Moreover, increased selectivity may be required in allocating funding to individual firms.

17. Phasing. The process of effecting changes will take time and require extensive consultation within the federal government, with the business community and with provincial officials. However, there are several areas where it is fairly clear what program delivery changes or program consolidations are required, and these could be implemented directly. This implies having phases include both implementation and further studies. To maintain continuity and momentum, six-month phases might be appropriate following the present phase.

GUIDING PRINCIPLES

18. To provide direction in this work, fourteen guiding principles (shown indented below) have been developed. These relate to the rationale for government intervention, program structure and organization, program design and delivery.

19. Rationale for Intervention. The most effective government assistance to the business community involves the establishment of a framework for efficient market operations, through well conceived stabilization and structural framework policies. Most business decisions are based on market forces, operating within the framework established by government. Economic development is therefore most effectively promoted through measures such as broad-based tax cuts and expenditure reductions.

- I. Business decisions should be based as much as possible on market forces, operating within the structural framework established by government.

20. However in those situations where structural problems lead to market distortions or failure, or where market forces produce results which the government deems inappropriate for public policy reasons, business assistance programs may be warranted. Intervention can be justified to help overcome obstacles and influence rates of activity (e.g. innovation, small business financing), to counter foreign subsidies (e.g. export financing), and to affect the nature and location of economic activity in individual regions or across Canada (e.g. regional development, employment).

II. Business assistance programs require economic justification in terms of overcoming obstacles to national and regional economic development or achieving specific government policy objectives.

21. In addition to demonstrating a general economic rationale for government intervention, there should also be a specific rationale for providing assistance to a given enterprise. It should be demonstrated that assistance would result in decisions by the enterprise which would not otherwise have been taken, with net benefits to Canada. This requires first that the firm involved have the necessary ability: the firm's proposal must demonstrate a reasonable prospect of commercial viability backed by evidence of management competence. Second, the incentive offered should result in incremental activity of the type desired.

III. Assistance should be given to an enterprise only to the extent required and where net benefits are expected to result for Canada.

22. Program Structure and Organization. There are currently too many business assistance programs, and too many departments independently managing these. The large number of dispersed programs leads to problems of client access, sub-optimal allocation of resources and administrative inefficiencies.

IV. The number of business assistance programs, and departments independently managing these, should be reduced.

23. In considering how to rationalize the program structure, the basic issue is whether programs should be structured along functional or sectoral lines. A sectoral approach, with line departments offering a full range of programs for specific sectors, would recognize the diversity of business interests but lead to excessive numbers of similar programs, with all the problems associated. Sectoral thrusts may, however, be justified for constitutional reasons (e.g. fisheries) or strategic reasons (e.g. energy development). A functional approach, on the other hand, starts with the premise that government

assistance measures can be directly related to business functions such as financing, innovation, plant modernization, adjustment, personnel training and exporting. Having a small number of programs tailored to business functions would provide consistency and increase efficiency, but with reduced flexibility and possible weakening of linkages between line departments and the business community.

24. While there is no "right" answer here, one means of building upon the advantages of both approaches would be to develop broadly-applicable functional programs, having centralized policy formulation by a lead department, and operational decision-making and delivery involving whatever departments are most appropriate in terms of mandates, expertise and contacts. Programs of this type have been established under the Energy R&D Panel and through Canada Works funding.

V. Wherever practicable, assistance for business should involve broadly-applicable programs related to business functions, with operational decision-making and delivery through whatever departments are most appropriate.

25. Numbers of programs can be reduced by terminating programs which are no longer justified, or by consolidating highly similar programs so that these are run as one, with program design criteria accommodating necessary refinements. Consolidation would offer a smaller number of clear focal points for business people seeking assistance, would increase economic effectiveness and could lead to administrative efficiencies. Since administrative overheads for small dispersed programs are often excessive, and resource allocation is usually sub-optimal for sets of small programs, these should be prime candidates for consolidation.

VI. Small dispersed programs should be consolidated, to increase administrative efficiency and improve the effectiveness of resource allocation.

26. At the same time, the continued proliferation of new programs must be resisted. In the past the solution to a new or newly perceived problem was often the creation of another program. If a reasonably consistent and stable program structure is to emerge, new policy initiatives should be subsumed within the existing program structure, with minor changes in program criteria being made as required. In particular, assistance proposed under sectoral strategies should, wherever possible, be accommodated within general programs related to business functions.

VII. To stop the proliferation of programs, new policy thrusts should wherever possible be subsumed within the existing program structure.

27. Finally, it must be emphasized that the government does not need to design a comprehensive program structure to handle all foreseeable requirements for business assistance. Ministers must have the flexibility

to intervene in exceptional circumstances to deal with a major problem or opportunity (e.g. Chrysler). In such cases the government should respond with a special initiative, not with the establishment of a new nation-wide or sector-wide program.

VIII. Special cases should be dealt with on an exceptional basis, rather than through development of a new program.

28. Program Design. The choice of instrument (as between direct financial assistance, loan guarantees, etc.) and its design depend on government's role, the type and level of support desired, and delivery efficiency. Programs should have clear objectives and be appropriate to induce the business behaviour that is desired. Because of the nature of incentives, assistance should in general be aimed at the front end of business costs, rather than providing an ongoing subsidy. For intervention to be effective, programs and services must have their design and implementation attuned to business planning and decision-making processes. From application through to final audit and payment, program design, administration and delivery procedures should be client-oriented, rather than reflecting bureaucratic convenience.

IX. Business assistance measures should be designed and delivered with a client-orientation.

29. Programs should be as simple as possible in light of requirements for sound management of public funds. Their design should allow for decision-making incorporating both public service and business expertise as appropriate. Public servants have considerable expertise in certain areas, such as assessing the technical and economic merits of a proposal; they are generally less able to outguess business people regarding their firm's operations, unless problems such as poor management can be identified. Business judgements can be reflected through making programs largely self-regulating (e.g. with cost-recovery and other provisions which discourage applications from firms not really needing assistance), and through business advisory or decision-making panels (e.g. DOE's Energy from the Forest Program; ITC's Enterprise Development Boards).

X. Programs should be as simple as possible, with decision-making reflecting both public service and business expertise.

30. The decision-making process should be appropriate to the size of firm involved, the amount of assistance requested and the degree of complexity required. One trade-off is between centralization for consistency and decentralization for proximity to the client; another is between discretionary decision-making and routine decision-making based on standard criteria. For programs providing relatively small amounts of assistance to small firms, it can be cost-effective to simplify program conditions giving relatively routine, formula assistance with decentralized decision-making,

rather than conducting detailed analysis. This can approach the simplicity of the tax system. For relatively large firms requesting large amounts, the opposite approach is appropriate, with centralized analysis of incrementality and benefits; assistance should be provided in a highly discretionary manner, with case-by-case negotiation to ensure the maximum leverage and benefit to Canada.

- XI. Decision-making should be as decentralized and routine as possible for small firms seeking small amounts, while large-scale decisions involving large firms should be centralized with assistance negotiated.

31. Program Delivery. The public should be able to obtain information on business assistance programs and services both centrally and through the government offices close to them. This is particularly relevant for small businesses. Public servants dealing with the business community must therefore be familiar with the range of business assistance programs and services available; local offices must liaise closely, and centralized back-up information services must be available and locally accessible.

- XII. Firms should be able to obtain information on business assistance programs and services through the government offices close to them.

32. Concerns are often voiced by the business community regarding the red tape and delays involved in obtaining assistance. To resolve these, application forms and procedures should be made more business-oriented, with minimal paperwork compatible with sound management of public funds. In particular, the information requested should be standard business information which can be readily produced from internal business records or standard reporting documents, such as audited financial statements and annual reports. This is particularly important for small enterprises which lack the management systems to generate reams of data.

- XIII. Information requested from applicants should be readily producible, with minimal paperwork compatible with sound management of public funds.

33. At the same time, it is necessary to ensure that the provision of assistance is attuned to the business situation to which it applies. Recognizing the trade-off between the speed of processing applications and the depth of analysis that can be undertaken, procedures should be streamlined to enable decisions to be made within timings which are responsive to business time horizons.

- XIV. Program procedures should be business-like and streamlined, allowing for decisions and provision of assistance within business-oriented response times.

PROGRAM DELIVERY IMPROVEMENTS

34. Improved information and better client access are required if business needs are to be better matched to government programs and services. The government has already made some moves in this direction, notably the development of FBDB's management and information services, the publication of the handbook "ABC/Assistance to Business in Canada", and the opening of the telephone access Business Information Centres (BICs) across Canada. It is now timely to build upon these developments and address the specific concerns of the business community. The following sections develop a client-oriented thrust, which parallels the approach of the Task Force on Service to the Public. This involves a revised ABC handbook, more knowledgeable public servants, strengthened central information clearing-houses, increased local coordination and publicity for programs and advisory services, simplified and standardized application forms, and reductions in processing delays.

35. Handbooks. The handbook ABC (and the French version "AIDE/Assistance et Information pour le Développement de l'Entreprise") was first published a year ago as the government's directory of business assistance measures. The response of the business community has been very positive, with some 90,000 copies of ABC/AIDE distributed to date, and substantial continuing demand that cannot be satisfied because it is out of print. The handbook now requires revision to improve its presentation and reflect changes in programs. It could then be advertised and distributed to Members of Parliament, business people, their advisors, and all federal offices dealing with business. It would also be desirable if further handbooks developed for functional areas, sectors or regions included both federal and provincial assistance measures.

36. Information Seminars. For local offices of departments to advise the business public better, it is necessary for public servants to increase their familiarity with the range of assistance measures offered. This could be achieved through a series of interdepartmental information seminars at which local or regional representatives of various departments and agencies could describe both the array of business assistance programs and services, and means of accessing these; the appropriate provincial government would also be invited. These seminars would build upon the present informal practice in several provinces. The seminars could be chaired by MSED, with organizational assistance from FBDB (which has extensive experience in running business information seminars) and the BICs. Some twenty information seminars would be required, to be held in the major cities across Canada. If found to be valuable, they could become annual.

37. Central Information Clearing-Houses. A number of advisory services endeavour to direct business people to appropriate assistance programs and services. These include the BICs, FBDB's Information Services, federal and provincial departmental offices, industry associations, educational institutions, consultants and professional advisors. Even with all of these, the business community is still not particularly well-served. With programs forever changing, as are the personnel managing them, business advisors simply cannot keep up-to-date.

38. While program consolidation and moves to stop the proliferation of programs would help address this problem, central information clearing-houses are required to maintain up-to-date information on federal, provincial and other business assistance programs, services and personnel. These could be developed through building upon the Business Information Centre operation, noting that this combines a centralized data base with "hotline" telephone access. The central information clearing-houses would ideally be jointly developed and maintained by the federal and provincial governments (should the provinces so desire), in consultation with Chambers of Commerce/Boards of Trade and business associations.

39. Various technical approaches could be used. The computer-related microfiche of ITC's Business Opportunities Sourcing System (BOSS) could provide a good basis, particularly since this is to be run as a joint federal-provincial system. Other approaches worth exploring are DOC's Telidon system, NRC's CISTI library access system, and CEIC's computerized CHOICES system. Alternatively, monthly handbooks describing program and personnel changes might be distributed. In addition, there should be further publicity for the BICs, and the business community should continue to have toll-free telephone access to the BICs; this forms part of the thrust of the Task Force on Service to the Public. These information clearing houses should also be useful to Members of Parliament, particularly for constituency work.

40. In considering development of the present BICs, it is noteworthy that the problems are really organizational, not technical. It would be appropriate for MSBD to explore with the provinces and the private sector the possibility of developing such a joint information centre system, starting with one or two provinces initially. This approach would also lead to improved local coordination, and possibly rationalization of present advisory services.

41. Applications. One of the common concerns expressed by business relates to the amount and type of information required to obtain assistance. In trying to simplify information requirements and make these more business-like, the approach used by the Office for the Reduction of Paperburden should be followed. For information not strictly required for decision-making or legal purposes, the onus should be placed on administrators to justify its collection, noting the total cost involved. The Costpro experience in rationalizing export information requirements may also be particularly

relevant. Information requirements should be clearly specified to minimize the need to revise application proposals.

42. Very little consideration has been given to date to standardization of application forms. With rare exceptions, each incentive program has its own application form requesting different information, in different ways, and seeking different declarations from the applicant. While a universal application form would be cumbersome, benefits would result from increasing standardization and streamlining application forms. One approach could involve developing a single sheet to include basic "tombstone" data, indicate assistance sought and time of receipt, and with standard declarations. Alternatively, common forms could be developed for programs in the same functional area.

43. To move as much as possible towards standardization and simplification of application forms and their supporting documentation, departments should examine these critically. Management consultants could also be used to help make forms more business-oriented.

44. Processing Delays. Program managers are expected to deliver programs in an effective and efficient manner, while trying to meet the apparently conflicting requirements of rapid turnaround and financial accountability. Frustration inevitably sets in on both sides. Applicants complain about red tape and delays, arguing that bureaucrats move too slowly and require too much data; these concerns often reflect procedures that have too many steps, interfaces or referrals. On the other hand, business expectations can be excessive: it would be irresponsible to provide public funds virtually on demand, without adequate analysis and justification. Program administrators note, moreover, that applications are often incomplete or demand inappropriate assistance. For some programs, especially those having clear and relatively straightforward criteria, these problems are minimal. However, for other programs there is clearly a dichotomy between the demands of business for prompt delivery and minimal information requirements, and the reality of public service analysis and decision-making.

45. There should therefore be a renewed effort to expedite the analysis and decision-making process, making the delivery of assistance programs more business-oriented. It is particularly important for departments to recognize program delivery as an important function, with good service to the public a high priority. Improving service then becomes a matter to be dealt with by departmental management, who could establish procedures to ensure timely response to business applicants, and set target turnaround times by which performance could be monitored. Departments should also review procedures periodically, to ensure that they have not become cumbersome.

46. The process of applying for government assistance is unfamiliar for most business people. By contrast, program administrators are professionals in this area, so it should be their responsibility to keep

applicants advised and to expedite the process. This involves immediately acknowledging receipt of an application and indicating a contact person, informing the applicant of what subsequent information will be required, working with the applicant to encourage the filing of this information, explaining the decision-making process (including likely decision dates), drafting contracts and paying claims promptly for approved applications, and undertaking audits in an efficient and timely manner.

47. Given the range of business assistance programs, there are many different reasons for delays; these must be addressed program-by-program if program delivery is to be streamlined. When the problem is an excessive number of steps, the paperburden reduction approach may help. In other cases, where delays result from what appear to be program management problems, it may be necessary to review whether the personnel involved have the right set of skills and experience.

48. One approach to improving client access and speeding up delivery involves increased decentralization of analysis and decision-making authority, particularly for small projects. However, this can require increased resources and there may be continuing problems if regional offices lack the expertise to analyze certain types of problems. Another approach involves program design changes: programs based on standard criteria can provide routine, rapid responses, while longer times are generally required for discretionary programs in which business judgements are more complex.

49. Ultimately, changes in program administration must be the responsibility of program managers. One means of putting the onus on managers to streamline procedures and expedite processing involves the establishment of maximum response times for handling applications. Since various decision-making bodies meet monthly, a maximum response time could be set at two months to allow for analysis and preparation of recommendations; in many cases, two months may represent the outer limit of the relevant business time-frame. Indeed, many programs now have response times normally well below two months. The advantage of an arbitrary approach is that it would force managers whose program procedures did not allow for rapid turnaround to explain the reasons. It is, of course, recognized that actual response times may reflect some slow cases beyond the control of program managers.

50. Business Information. With more knowledgeable and skilled public servants, centralized back-up from extended BICs, and streamlined processing, local offices of departments would become better equipped to serve the business public on a highly decentralized basis. The existing network of offices includes ITC's 10 regional offices, DREE's 24 regional, provincial and branch offices (with more planned), FBDB's 103 branches, CEIC's 464 regional, district and branch offices, DSS' 7 regional offices, EDC's 4 regional offices, and NRC's 15 provincial and field offices. To reflect an increased

capability of local offices, it might be appropriate to consider developing a standard "Business Information" sign for display in all federal offices serving the business public.

51. One-Stop Shopping. The one-stop shopping concept, involving a single point of business contact for programs and services, has been discussed for some time as a means of improving client access. One-stop shopping could involve the use of account executives, co-location of offices or extensive program consolidation.

52. Service offered by local departmental offices could develop into a form of account executive approach for the particular clientele they serve; CEIC is already developing such an approach. Account executives act as the principal contact point for firms, giving advice, tailoring appropriate assistance packages, and providing guidance through the application procedures; they do not have decision-making authority. Account executives would be especially helpful to small and medium sized businesses. It is noteworthy that increased personnel resources and higher administrative costs could be involved if account executives were simply to overlap existing program administrators; rationalization would therefore be required if this approach were to be implemented.

53. Co-location of local offices has also been suggested as a means of improving coordination and client access, although the implications of this for departments and agencies offering business assistance programs and services have not yet been examined. Noting the various ways of achieving one-stop shopping, it might be appropriate for a task force to study the concept.

54. Program Delivery Agency or Corporation. To be as business-like and client-oriented in approach as possible, programs could eventually be managed by a common service agency or crown corporation. For example, Ireland has established the Industrial Development Authority (IDA), which is an autonomous body responsible for promoting industrial development and creating employment, by helping firms expand and modernize, and actively seeking new investment from abroad. The IDA administers all of the Irish government's programs of financial assistance to industry (including tax concessions, capital and training grants, loan guarantees and subsidized interest), manages industrial estates and builds advance factories, and provides technical assistance; it offers a one-stop service for business. IDA's decision-making board includes half business, half government representation. The IDA has a network of 10 offices throughout Ireland, and 18 offices in 10 countries abroad.

55. A common service agency or crown corporation handling all federal business assistance programs in a rationalized fashion would provide very efficient one-stop shopping with account executives, a single application procedure and rapid decision-making. Program management expertise would develop in all areas of involvement, although there would still be a need for ongoing liaison

with departments. A coordinated approach to business would be provided; this is especially relevant for potential entrepreneurs, for which no consolidated source of information now exists. These benefits would, however, be at the cost of very significant reorganization. With program responsibilities taken away, departments would have reduced contacts with the business community. There could at the same time be difficulties of government control, although these could be overcome through appropriate legislation, program conditions and financial provisions. Given these potential problems, this alternative would require serious study before it could be considered as a possible longer term solution.

PROGRAM CONSOLIDATION MEASURES

56. Reduction in Numbers of Programs. A fundamental question is whether particular programs or sets of programs (e.g. small business assistance) are still needed, or whether they should be modified, allocated more or less resources, or terminated. Programs should be reviewed in this context on a continuing basis, and this question should be a fundamental part of program evaluations and resource reallocation exercises.

57. While termination of programs may be appropriate in some cases, consolidation enables the best features of related programs to be retained. Consolidation involves transfers of programs within a department or between departments, with associated resource transfers. These would be followed by integration, to group similar programs in a single organizational structure, thus improving program delivery and increasing administrative efficiency. The resulting programs in a grouping, and their resources, should then be reviewed to determine whether more effective arrangements are possible; such rationalization could include substantive changes in program objectives and content.

58. In addition, it is necessary to consider whether new initiatives can be accommodated within existing programs, to stop the continued proliferation of new programs. This should include both programs within the Economic Development Envelope and others which are clearly business-related, such as CEIC's New Technology Employment Program and CIDA's Industrial Cooperation Program. It would be appropriate to develop a procedure for providing formal advice to departments on the relationship of proposed new programs or program changes to the existing structure of business assistance programs.

59. Approach. There are various possible approaches to program consolidation. For example, programs could be consolidated by business function (e.g. industrial research), or by common purpose and program management expertise (e.g. CEIC's employment and employment creation programs). Other approaches could involve line departments dealing with all aspects of their client group (although this would result in excessive numbers of similar programs), combining programs offering similar assistance (e.g. loans for small business, farmers and fishermen), or combining programs with similar decision-making or delivery processes.

60. With such a range of possible ways of restructuring business assistance programs, an approach is required to keep the process manageable in moving towards an improved program structure. This can be achieved by focussing initially on similar programs (including numerous small dispersed ones) for which functional consolidations would provide specific advantages. A possible first round of consolidations is shown in Table 1 and described below.

61. Export Opportunities. ITC promotes the development of new markets abroad through two programs which support missions, attendance at trade fairs, trips abroad by Canadian exporters, and visits to Canada by potential buyers or influential visitors:

ITC - Program for Export Market Development (PEMD)	\$15.0 million
- Promotional Projects Program (PPP)	\$7.8 million

ITC also provides related export assistance services including the Trade Commissioner Service, the Office of Overseas Projects, International Bureaux, the Business Opportunities Sourcing System, and the Canadian Commercial Corporation.

62. Under PPP, firms are invited to go on missions and participate in trade fairs; ITC provides a range of services and covers certain costs. PEMD, on the other hand, is a responsive program which provides contributions towards various travel, living and other costs of export-related trips and trade fair attendance proposed by companies; the contributions are repayable if sales result from the supported activity. These programs are administered separately and report to two ADMs within ITC; most of PEMD is delivered by ITC's regional offices. While there are differences between PEMD and PPP, in terms of both coverage and costs supported, there is also a great deal of commonality. The programs have the same basic objective, and apply the same criteria for trade fair participation and visits.

63. Several advantages would result from bringing PEMD and PPP together. These include improved resource allocation, better coordination and administration with combined company files, and increased effectiveness through learning from the best features of each program. For example, PEMD currently provides support when several firms exhibit at a fair, but separate exhibits do not have the overall impact of the coordinated displays organized by PPP.

64. Closely coordinated with these programs is export-related travel assistance provided by the Department of Agriculture. In parallel with these programs, CIDA runs the Industrial Cooperation Program (\$9 million for 1980-81) which also supports travel costs for trips abroad and visits to Canada. This program is, however, restricted to developing countries and provides somewhat different coverage, including consultant investigations of joint ventures in developing countries. The appropriateness of closer relationships between this

TABLE 1: PROGRAMS CONSIDERED FOR POSSIBLE INITIAL CONSOLIDATIONS

Present Dept/ Agency	Program	1980-81 Resources (Smillion)	Possible Consolidation
ITC	Program for Export Market Development	15.0	} Export Oppor- tunities (ITC)
	Promotional Projects Program	7.8	
	International Business Fellowships	0.1	} Business Scholarships (ITC)
	Technological Innovation Studies Program	0.2	
	Canadian Food Industry Scholarships	0.02	
	Industrial Design Awards	0.1	
	Footwear Design Scholarships	0.04	
	Design Scholarships	0.1	
	Fashion Design	0.2	
	Clothing Scholarships Program	0.03	
	Textile Management and Technology Scholarships	0.02	
	Apparel Management and Technology Scholarships	0.03	
	Industrial Research Institutes Program)	} Business Institutes (ITC)
	Centres for Advanced Technology) 1.5	
	Industrial Research Association Program)	
	Industrial Innovation Centres	2.0	
	Industry Productivity Centres	0.3	
	Manitoba Fashion Institute	0.04	
	Management Advisory Institute Program	0.1	
	Business Councils	0.1	
	Centres for International Business Studies Program	0.4	
	Protein, Oil and Starch Products Development	1.0	}
	Rapeseed Utilization Assistance Program	0.4	
CPDL	Inventors' Assistance Program	0.2	} Technology Transfer (NRC)
CDA	Co-operative Projects with Industry	0.4	
DOC	Co-operative Projects with Industry	0.4	
DOE	Co-operative Projects with Industry	0.4	
DFO	Co-operative Projects with Industry	0.4	
EMR	Co-operative Projects with Industry	0.4	
NRC	Program for Industry/Laboratory Projects	9.6	} *
	Industrial Research Assistance Program) 20.9	
	Mini-Industrial Research Assistance Program)	
CEIC	New Technology Employment Program	7.0	} Industrial Research (NRC)
NSERC	Industrial Post-Doctoral Fellowships/ Industrial Research Fellowships	1.4	
	Senior Industrial Fellowships	0.8	
	Industrial Undergraduate Summer Research Awards	2.2	
	Industrial Research Scholarships		
		73.6	

* possible later program consolidation

program and a consolidated PEMD-PPP program deserves attention.

65. Business Institutes and Scholarships. Numerous small programs have been established, largely within ITC, to provide indirect support for business innovation through the funding of institutes, associations and scholarships. While the individual programs have been quite successful, greater program consistency and improved resource allocation would result from a consolidation into two programs covering business institutes and business scholarships.

66. The following programs provide seed money to assist in the establishment of research institutes and centres, which then offer research support to business, as well as developing technological infrastructure. Also listed are programs which provide seed money to establish institutes or councils providing training or advisory services to improve business management skills. Total financial assistance is \$6.0 million for 1980-81.

- ITC
 - Industrial Research Institutes Program
 - Centres for Advanced Technology
 - Industrial Research Association Program
 - Industrial Innovation Centres
 - Industry Productivity Centres (including Footwear and Leather Institute of Canada)
 - Manitoba Fashion Institute (Manitoba Productivity Program)
 - Management Advisory Institute Program
 - Business Councils
 - Centres for International Business Studies Program
 - Protein, Oil and Starch (POS) Products Development Program
 - Rapeseed Utilization Assistance Program
- CPDL
 - Inventors' Assistance Program

Establishing a single program of business institute support, through an appropriate consolidation of these programs, would simplify the program structure and enable future growth of assistance for innovation, productivity and management development to be channelled (rather than resulting in a further proliferation of programs). The new program should retain the most desirable features of the existing programs, in particular that support is phased out with institutes expected to rely on business and other sources for longer-term financing. Since some of these programs are currently funded by grants rather than contributions, it might be necessary to restructure that support.

67. Another set of ITC programs, involving \$0.8 million for 1980-81, provides scholarships, awards and fellowships to persons studying or working in particular areas of business development. A single program could be established through an appropriate consolidation of these programs:

- ITC
- International Business Fellowships
 - Technological Innovation Studies Program
 - Canadian Food Industry Scholarships
 - Industrial Design Awards
 - Footwear Design Scholarships/Footwear Canada
 - Design Scholarships
 - Fashion Design (Training-in-Industry, Industry Orientation)
 - Clothing Scholarships Program
 - Textile Management and Technology Scholarships
 - Apparel Management and Technology Scholarships

68. Both of these consolidations are in line with proposals currently being developed within ITC. In considering these, it is important to recognize that other departments and agencies offer similar kinds of support, but with diverse types of assistance, terms and conditions, and business participation. It might therefore be appropriate for a task force to examine business institute and scholarship support offered by other departments, exploring the case for common approaches or further program consolidation.

69. Technology Transfer. The following programs fund contracts to promote the transfer of research results from federal laboratories to business:

NRC - Program for Industry/Laboratory Projects (PILP)	\$9.6 million
CDA - Co-operative Projects with Industry (COPI)	\$0.4 million
DOC - Co-operative Projects with Industry (COPI)	\$0.4 million
DOE - Co-operative Projects with Industry (COPI)	\$0.4 million
DFO - Co-operative Projects with Industry (COPI)	\$0.4 million
EMR - Co-operative Projects with Industry (COPI)	\$0.4 million

While these programs have similar criteria, the COPI programs having been developed from PILP, they are managed independently. This has resulted in several problems for the COPI programs: lack of flexibility in budgeting, sub-optimal allocation of resources, and difficulties in choosing companies to exploit technologies as they are often not a department's normal clients.

70. Several departments have recently requested increased PILP and COPI funding. Consideration of whether the present \$11.7 million is appropriately allocated by department, as well as what case there might be for further resources, suggests the merits of pooling technology transfer funding, in a manner akin to the \$15 million Unsolicited Proposals Program. Resource allocation would be more effective if departments and agencies competed for the common funding pool; departments not now having a technology transfer program could also be

included. Consolidation would also provide for cross-departmental consideration of market possibilities and improved selection of firms to exploit technologies, as well as providing a central point of business contact.

71. In considering this possibility, the importance of maintaining and strengthening the contacts between individual scientists in laboratories and the business community must be recognized. This is, after all, where technology transfer occurs, with business benefiting from research results and researchers developing an appreciation of business needs. Indeed, the PILP-COPI funding merely facilitates technology transfer, most of which occurs without direct funding support. Consolidation of PILP and the COPI programs would therefore have to occur in a manner that did not weaken the decentralized technology transfer function; this could include guaranteeing each of the five COPI departments its present funding level within the consolidated program. While appropriate terms and conditions and streamlined management procedures would have to be worked out, consolidation could involve combining the COPI funds in NRC, whose PILP office has considerable technology transfer experience, with the overall program managed by an interdepartmental committee. The committee, similar to NRC's Committee on Industrial Research Assistance, could be chaired by NRC and include the COPI departments as well as MOSST, MSED, TBS, DSS and ITC (for industry sector input):

72. The present PILP and COPI programs encounter delays and administrative problems through the use of traditional DSS procurement contracts. Since the intention of the programs is to provide support to industry, rather than to procure goods and services, contributions would in general be more suitable. The use of contractual arrangements appropriate for delivery of contributions would enable procedures to be streamlined and accelerated; with such arrangements, a case-by-case judgement could be made as to what DSS' involvement would be.

73. NSERC also promotes the transfer of technology through the \$1.5 million Project Research Applicable to Industry (PRAI) program. This provides grants to university researchers for further development of projects in conjunction with interested firms. To increase the effectiveness of resource allocation, make federal activities more consistent, and improve business access, it would be appropriate for NRC and NSERC to examine means of relating the PRAI program closely to a consolidated PILP-COPI program. NRC is currently represented on the PRAI Committee.

74. Industrial Research. The following programs subsidize the salaries of scientists working on industrial R&D for firms, with IRAP and Mini-IRAP also covering technicians. The first three programs make payments to firms, the latter one through universities.

NRC	- Industrial Research Assistance)	
	Program (IRAP))	\$20.9 million
	- Mini-Industrial Research Assistance)	
	Program (Mini-IRAP))	

NSERC - Industrial Post-Doctoral	
Fellowships (IPDF)	\$ 1.4 million
- Senior Industrial Fellowships	\$ 0.8 million

IRAP and Mini-IRAP are currently run together very effectively by NRC, under the coordination of the interdepartmental Committee on Industrial Research Assistance (which includes NSERC). They are implemented in close collaboration with provincial research organizations, and are well-coordinated with the provision of support services such as the Technical Information Service.

75. Further programs which would also subsidize the salaries of researchers in industry are about to be implemented by NSERC as a means of developing highly qualified manpower. Under NSERC's five-year plan, recently approved in principle by the Cabinet Committee on Economic Development, the IPDF program would be replaced by Industrial Research Fellowships; there would also be two new programs paying firms subsidies towards research salary costs, paralleling NSERC's program array for university research. 1980-81 funding would be as follows:

NSERC - Industrial Undergraduate Summer	
Research Awards (proposed)	\$2.2 million
- Industrial Research Scholarships	
(proposed)	

If NSERC's funding requests are granted, these three programs would grow rapidly, to \$8.5 million in 1981-82.

76. In the Speech from the Throne, the government announced its intention to develop a New Technology Employment Program. This would generate employment by subsidizing salary costs for unemployed or under-employed researchers on industry projects in areas such as small-scale energy conservation; the program would also include a community orientation. It would build on the former STEP and STEPEx programs (which were run by NRC using the IRAP Committee), but would be administered by CEIC with a new committee involving MOSST, NRC and EMR. This new program would involve \$7 million for the first year, increasing to \$10 million in later years.

77. The impending proliferation of these programs runs counter to the program organization and delivery thrust. A series of very similar programs would be established to achieve the same objectives: promotion of industrial research, development of highly qualified manpower, and employment generation. The business community would become further confused. It would therefore be appropriate to consider some form of consolidation. NRC could consolidate IRAP and Mini-IRAP with the stroke of a pen. Recognizing the parallelism between NSERC's university and industry research scholarships and fellowships, consolidation with NRC programs might not be warranted; NSERC agrees that its package can be regarded as a single program with a variety of elements. The New Technology Employment Program could be consolidated with IRAP, possibly as a component with particular criteria, and CEIC added to the associated committee; this would reflect industry research

support totalling over \$32 million in 1980-81. However, Cabinet only recently approved CEIC administering the New Technology Employment Program.

78. Rather than considering further program consolidation at this time, beyond internal NRC and NSERC consolidations, it might be more appropriate to establish a structure to provide effective program coordination. This could include NRC providing information on these programs to firms seeking assistance in supporting research staff. It could lead to more effective resource allocation and possible later program consolidation.

79. Summary of Consolidations. The initial consolidations described above could result in 37 programs, now in 10 departments and agencies, being reduced to the following 5 consolidated programs or program groupings:

- ITC - export opportunities
- business scholarships
- business institutes

- NRC - technology transfer
- industrial research

Several of these consolidations (e.g. technology transfer, business institutes) would involve developing functional programs having both centralized and decentralized activities. Further consolidations could lead to some departments and agencies (such as ITC and NRC) having prime responsibility for various functional areas, analogous to CEIC's responsibilities for work force training and employment programs, DSS' role in contracting and National Revenue's tax collection responsibilities.

STUDIES OF FUNCTIONAL AREAS

80. The program delivery improvements and initial program consolidations described above could provide a first step to improving the organization and delivery of business assistance programs. Determining where it would be appropriate to effect further changes requires studies in a series of major policy areas, in consultation with business and the provinces. For each area the following could be examined:

- rationale for intervention;
- structure and organization of present assistance offered;
- difficulties associated;
- alternatives (including consolidation, program design and delivery changes); and
- issues (policy, organizational and implementation).

81. Areas which could be considered during the next phase include industrial research and innovation; plant establishment, modernization and expansion; energy conservation and conversion; region-specific programs; small business financing and export financing. In the latter two areas, extensive senior

interdepartmental reviews are already underway; the recommendations flowing from these should be examined in the context of this paper. In the other areas noted, interdepartmental task forces or program reviews could be established.

82. Industrial Research and Innovation. While extensive research is undertaken in Canada, a significant problem is the transformation of research results into the development of commercial products or processes. Solving this problem is a major priority of the government. Assistance provided in the area of industrial research, innovation and product development includes:

- services (outputs of laboratories, Technical Information Service, etc.)
- support of infrastructure and intermediaries (research institutes, scholarships and fellowships)
- financing (IRAP and related programs, technology transfer programs, Enterprise Development Program, Defence Industry Productivity Program, etc.)
- tax support (including 50% further deduction for incremental R&D, and investment tax credit)
- procurement (including contracting-out, offsets, unsolicited proposals, and specific programs like Purchase and Use of Solar Heating)

Present activities in this area form a largely uncoordinated patchwork, and are the subject of major MOSST and ITC studies. Related to these studies it might be appropriate for MOSST, in consultation with ITC and other appropriate departments and agencies, to study means of further improving the organization and delivery of support provided to encourage industrial research and innovation. This could encompass the dissemination of research results to industry, innovation financing and contracting measures.

83. Plant Establishment, Modernization and Expansion. A number of programs provide capital support of this type, albeit for different purposes, including:

- adjustment (Enterprise Development Program)
- regional development (DREE programs including Regional Development Incentives Program)
- energy development (Forest Industry Renewable Energy Program)
- sector support (Defence Industry Productivity Program)
- business financing (FBDS)

In addition, the tax system provides accelerated capital cost allowances and the investment tax credit. Recognizing the close relationship among these programs, at least from the perspective of business people seeking assistance, it might be appropriate for an interdepartmental task force led by ITC to study means of improving the organization and delivery of capital support provided to firms for plant establishment, modernization and expansion.

84. Energy Conservation and Conversion. The government has developed a range of programs to encourage energy conservation or development of new energy sources. These include:

- EMR - Forest Industry Renewable Energy Program
 - Biomass Energy Loan Guarantees
 - Federal-Provincial Demonstration Agreements on Conservation and Renewable Energy
- ITC - Industry Energy R&D Program
- DPW - Purchasing and Use of Solar Heating Program
 - Program of Assistance to Solar Equipment Manufacturers
- DOE - Development and Demonstration of Resource and Energy Conservation Technology Program
 - Energy from the Forest Program
- NRC - Solar R&D Program

While these programs have policy coordination through EMR and in some cases program coordination through the Energy R&D Panel, their dispersal raises the question of whether some rationalization would improve program delivery and increase effectiveness. It might therefore be appropriate for EMR, in consultation with appropriate departments and agencies, to study means of improving the organization and delivery of programs promoting energy conservation and conversion.

85. Region-Specific Programs. Future program organization and delivery efforts must also deal with the large number of incentive programs which apply only in particular regions. These include assistance offered by the Cape Breton Development Corporation, various programs applicable in the Territories, and the wide range of programs of business support established under DREE subsidiary agreements, which are managed by the provinces. Region-specific programs include support for institutes or associations, subsidization of particular firms or complexes, and incentive programs complementing the Regional Development Incentives Program.

86. While provincial activity in business assistance leads inevitably to variations across the country, there is a case for making federally-funded programs more consistent. This could be regarded as a first step towards possible eventual rationalization of the overall federal and provincial program structure. Recognizing the complex issues involved and the need for close interdepartmental and federal-provincial cooperation, DREE could lead an interdepartmental study of means of improving the organization and delivery of region-specific business assistance programs, including their relationship to programs with significant regional impacts.

87. Other Areas. In subsequent phases it might be appropriate to consider the program organization and

delivery aspects of other important areas, including agriculture, fisheries, employer-oriented training, specific sectors, and procurement to promote industrial development.

OVERALL DIRECTION

88. It would be appropriate for MSED to oversee the implementation of program delivery improvements and program consolidation measures, as well as coordinating interdepartmental studies. To help ensure that program organization and delivery activities develop along lines deemed to be most appropriate by the experts in the field, a senior (ADM-level) interdepartmental Steering Committee could be established to provide advice. Chaired by MSED, it could include ITC, DREE, CEIC, FBDB, NRC, MOSST and DSS, as well as PCO and TBS. Because of the compatible thrust with the Task Force on Service to the Public, this should also be represented. Other departments with specialized expertise could be invited to participate when related issues are discussed.

FINANCIAL CONSIDERATIONS

89. Federal business assistance programs and services involve hundreds of millions of dollars annually, and thousands of public servants. Improving their organization and delivery could therefore have significant implications. Some administrative and personnel savings would result from program consolidation and streamlining application procedures, but these would be offset by increased demands for programs as client access improves and by demands for delivery personnel in the field. The net effect should be minimal.

90. The financial implications of specific program delivery improvements considered are as follows.

- ABC/AIDE Handbooks. Typesetting could cost about \$20,000; printing 30,000 copies \$50,000; distribution and promotion \$20,000 for a total of about \$90,000. Funds are available within MSED's budget; additional resources would be required if there was demand for further copies.
- Local Information Seminars. These could cost several thousand dollars, spread among the participating departments' travel budgets.
- Applications. A preliminary consultant study to consider standardization and simplification of forms could cost about \$25,000; funds are available within MSED's budget.
- Studies. Consideration of developing joint central information clearing-houses, one-stop shopping and reductions in processing delays, along with studies of major policy areas, could be handled within present departmental budgets. Resulting implementation costs, yet to be determined, could be substantial but should be offset by savings elsewhere.

91. Only relatively small programs have been considered for possible initial consolidations. Under the business institutes consolidation, ITC would receive the \$0.2 million Inventors' Assistance Program from CPDL. Under the technology transfer consolidation, \$0.4 million in COPI funding would be transferred to NRC from each of CDA, DOC, DOE, DFO and EMR, but these departments could each be guaranteed its present funding level within the consolidated program. These six interdepartmental transfers would involve \$2.3 million, or only 3.1% of the total 1980-81 financial resources of \$73.6 million budgeted for the specific programs considered for consolidation. The only inter-envelope transfer would involve DOE's \$0.4 million. There are no person-year transfers involved.

FEDERAL-PROVINCIAL RELATIONS CONSIDERATIONS

92. When a business person seeks assistance, the interest is usually in determining what "government" has to offer; smaller businesses generally do not distinguish between federal and provincial levels of government, nor are they concerned with departmental distinctions. As parallel arrays of programs are offered by both orders of government, joint approaches are desirable to facilitate client access, rationalize the overall program structure, and achieve greater cost-effectiveness. This could lead, for example, to some rationalization of the presently overlapping information and advisory services offered to the business community.

93. It would be appropriate to involve the provinces in consultations and further activities designed to improve program delivery, notably development of handbooks describing available assistance, the local information seminars, development of Business Information Centres into jointly run central information clearing-houses, development of standardized application forms, and task force studies on further program organization and delivery matters.

INTERDEPARTMENTAL CONSULTATION

94. MSED has undertaken extensive consultation with central agencies, departments and agencies which could be specifically affected by program consolidations and program delivery improvements, and those more generally affected; these include PCO, FPRO, FIN, TBS, OCG, ITC, FBDB, EDC, CPDL, DREE, CEIC, DSS, MOSST, NRC, NSERC, CDA, FCC, CCA, CIDA, DOC, DOE, DFO, EMR, DPW, RC-CE and RC-T. Discussions have been held with program managers as well as senior officials. This Discussion Paper has been reviewed by senior officials who would constitute the proposed interdepartmental Steering Committee, and has been reviewed by Economic Development Assistant Deputy Ministers and by the Committee of Economic Development Deputy Ministers.

PUBLIC INFORMATION CONSIDERATIONS

95. Many of the problems associated with the delivery of business assistance programs result from poor communication between business and government. To address these and reduce business-government alienation, steps are required to improve information availability and client access. These include publication of a new edition of

the handbook ABC/AIDE, efforts to make public servants in local offices more knowledgeable, strengthening the Business Information Centres and streamlining application procedures.

96. Public communication of the government's efforts to consolidate business assistance programs and to improve their delivery must be ongoing and coordinated, emphasizing the positive nature of existing programs. Initial announcements could refer to specific changes, such as program consolidations, and highlight the government's moves to help business (especially small and medium-sized firms), fulfil the Throne Speech commitment, harmonize federal-provincial activities, and increase government effectiveness and efficiency. Announcements should not, however, generate unrealistic expectations. On-going publicity could include announcements of further changes as implemented, as well as interviews and speeches. More publicity for the government's business assistance programs could include publication and promotion of the revised handbook ABC/AIDE, coordinated distribution by departments of various pamphlets, and increased promotion for the Business Information Centres, especially if these become jointly run.

97. Since the business community forms the clientele for the assistance measures under consideration, consultation with business people is essential. Some of this has already occurred, and indeed the program delivery and organization thrust is intended to respond to expressed business concerns. On-going consultation is required during further activities, particularly with respect to the enhanced Business Information Centres, application form standardization and task force studies. Business consultation should also form an integral part of the development of new programs.

RECAPITULATION

98. The present organization and delivery of federal business assistance programs inhibits the development of effective business-government relationships, causes federal-provincial confusion, and involves inefficient management of government activities. It is therefore timely to restructure and improve the delivery of such programs. To provide direction in this, a series of guiding principles has been developed.

99. Major gains in service to the public could be achieved through improvements in program delivery including greater information availability, improved client access, standardized application forms and faster, more business-like procedures. While these changes would take some time to complete, their implementation could begin immediately.

100. In addition, reductions in the number of programs through program consolidation could improve the effectiveness of the program structure. This would involve questioning the basic need for and independent operation of certain programs, as well as stopping the continued proliferation of new programs. Various approaches to program consolidation are possible, and it

is not clear which is most appropriate for certain areas. To provide a starting point, consolidations which could be implemented immediately are indicated; these can be justified in terms of specific advantages.

101. The next phase of program organization and delivery activity could begin implementing these improvements and involve studies, in consultation with business and the provinces, addressing program organization and delivery aspects of important policy areas: industrial research and innovation; plant establishment, modernization and expansion; energy conservation and conversion; and region-specific programs.

102. Program delivery improvements and program consolidation would be applauded by the business community, and be seen as a very positive step for the government. They would advance the government's economic relationships with the provinces and the business community. Such improvements would make economic development policy thrusts more effective, and lead to more efficient public service operations.

The Honourable H.A. Olson
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Economic Development

